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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/814,561	03/22/2001	Stephan J. Mallenbaum	699820301604	4492
7590 John V. Biernacki, Esq. Jones, Day, Reavis & Pogue North Point 901 Lakeside Avenue Cleveland, OH 44114		09/10/2007	EXAMINER TINKLER, MURIEL S	
			ART UNIT 3691	PAPER NUMBER
			MAIL DATE 09/10/2007	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b>		<b>Applicant(s)</b>	
	09/814,561		MALLENBAUM, STEPHAN J.	
	<b>Examiner</b>		<b>Art Unit</b>	
	Muriel Tinkler		3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 14 June 2007.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-11 and 13-38 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-11 and 13-38 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date <u>3/22/2007</u> . | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

This case has been reviewed. Claims 1-11 and 13-38 are pending. The rejection(s) are as follows.

#### ***Claim Rejections - 35 USC § 112***

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claim 12 has been cancelled. Claims 16 and 17 are dependent from claim 12. Therefore, claims 16 and 17 point to a claim that no longer exists. Based on this fact, claims 16 and 17 will not be further examined on the merits.

#### ***Claim Rejections - 35 USC § 102***

3. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

4. Claims 1-3, 18, 19 and 36 are rejected under 35 U.S.C. 102(b) as being anticipated by King et al. (US 5,704,045 A), hereafter referred to as King.
5. Claims 1 and 36 discuss a financial instrument and method issued by a company to a holder in order to compensate for services rendered to the company by the holder,

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said financial instrument comprising an obligation that a payor other than the company pay the holder when a predetermined event occurs: wherein the obligation allows the holder to take an equity interest in the company without violating pre-existing conflict rules which the holder has a duty to observe when providing, the holder's services to the company. King discloses pay based on loss/agreements in the Abstract and obtaining equity in a company in column 3 (lines 20-32).

6. Claim 2 discusses the financial instrument of claim 1 wherein payment by the payor is based upon the company's value. King discloses payment based on a company's value in column 8 (lines 41-46) and column 9 (lines 9-26).

7. Claim 3 discusses the financial instrument of claim 2 wherein the company's value is determined at substantially the time of the predetermined event. King discloses using the company's value at the time of an event in column 8 (lines 41-46) and column 10 (lines 1-18).

8. Claim 18 and 19 discuss the financial instrument of claim 1 wherein the compensation by the financial instrument to the holder is a partial or full compensation for services rendered to the company by the holder. King discloses that all or a portion of the risk can be used, see claims 45 of King.

***Claim Rejections - 35 USC § 103***

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. Claims 4-6 and 13-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over King as applied to claim 1 above and in further view of Maples (US 7,096,195), hereafter referred to as Maples.

11. Claim 4 discusses the financial instrument of claim 1 wherein the services include providing goods to the company. King does not specifically disclose the act of providing goods to a company. Maples discloses this fact as the use of money or property in column 6 (lines 22-34).

12. Claim 5 discusses the financial instrument of claim 1 wherein the payor is identified at the time the company issues the financial instrument to the holder. Maples discloses these payors as 'bondowners' in column 2 (lines 42-59).

13. Claim 6 discusses the financial instrument of claim 1 wherein the payor is identified not until about the time of the predetermined event. Maples disclose the use of a hostile takeover in column 1 (lines 34-47).

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14. Claims 13-15 discusses the financial instrument of claim 1 wherein the pre-existing conflict rules are the conflict rules from at least one state of the United States, including at least one attorney who has a duty to observe the attorney conflict rules. Maples discloses a set of rules in column 5 (lines 59-67). These rules apply to everyone, including attorneys, accountants and others.

15. Claims 7-9, 11, 20-22, 24, 25, 27, 34, 35, 37 and 38 are rejected under 35 U.S.C. 103(a) as being unpatentable over King as applied to claims 1 above, and further in view of Hambrect et al. (US 6,629,082 B1), hereafter referred to as Hambrect.

16. Claims 7-9, 11, 37 and 38 discuss the financial instrument of claim 1 wherein the payor is identified after the company issues the financial instrument to the holder and the predetermined event is a liquidity event including the sale of the company. Hambrect discloses the act of an IPO, where the public buys a part of a company, in column 2 (line 55) through column 3 (line 21) and column 5 (line 1) through column 7 (line 6).

17. Claim 20 discusses a method that compensates for services rendered on behalf of a company, comprising the steps of: negotiating contractual terms between a holder and the company regarding compensation for services rendered by the holder to the company; generating a financial instrument based upon the negotiated contractual terms such that the financial instrument is to be issued by the company to the holder as

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compensation for the services rendered to the company by the holder, said financial instrument including an obligation that a payor other than the company pay the holder when a predetermined liquidity event occurs, said obligation allowing the holder to take an equity interest in the company without violating pre-existing conflict rules which the holder has a duty to observe when providing the holder's services to the company; and issuing the financial instrument to the holder as the payment, wherein the payor is unidentified at time of the issuing. See the rejection of claim 1 above. Also, King discloses the act of negotiating terms in column 6 (lines 15-38).

18. Claim 21 discusses the method of claim 20 wherein payment by the payor is based upon the company's value. See the rejection of claims 20 and 7 above.

19. Claim 22 discusses the method of claim 21 wherein the company's value is determined at substantially the time of the predetermined event. See the rejection of claims 21 and 2 above.

20. Claim 24 discusses the method of claim 20 wherein the predetermined event is a liquidity event involving sale of assets of the company. See the rejection of claims 20 and 11 above. King also discloses the act of selling assets in column 1 (line 60) through column 2 (line 39).

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21. Claim 25 discusses the method of claim 20 wherein the predetermined event includes sale of the company. See the rejection of claims 20 and 9 above.

22. Claim 27 discusses the method of claim 20 wherein the predetermined event includes an initial public offering (IPO) involving the company. See the rejection of claims 20 and 11 above.

23. Claim 34 discusses the method of claim 20 wherein the compensation by the financial instrument to the holder is a partial compensation for services rendered to the company by the holder. See the rejection of claims 20 and 18 above.

24. Claim 35 discusses the method of claim 20 wherein the compensation by the financial instrument to the holder is compensation for all services rendered to the company by the holder. See the rejection of claims 20 and 35 above.

25. Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over King as applied to claim 1 above, and further in view of Parsons (US 6, 411,939), hereafter referred to as Parsons.

26. Claim 10 discusses the financial instrument of claim 1 wherein the predetermined event includes a merger involving the company. Kings does not specifically discuss a merger. Parsons discloses the act of a merger in paragraph 13bg.



27. Claim 26 is rejected under 35 U.S.C. 103(a) as being unpatentable over King and Hambrecht as applied to claim 20 above, and further in view of Parsons.

28. Claim 26 discusses the method of claim 20 wherein the predetermined event includes a merger involving the company. See the rejection of claims 20 and 10 above.

29. Claims 23 and 28-33 rejected under 35 U.S.C. 103(a) as being unpatentable over King and Hambrecht as applied to claim 20 above, and further in view of Maples.

30. Claim 23 discusses the method of claim 20 wherein the services include providing goods to the company. See the rejection of claims 20 and 3 above.

31. Claims 28-30 discuss the method of claim 20 wherein the obligation is in compliance with pre-existing conflict rules of a geographic region, which the holder has a duty to observe when providing the holder's services to the company. See the rejection of claims 20 and 13 above.

32. Claims 31 and 32 discuss the method of claim 30 wherein the holder includes at least one attorney who has a duty to observe the attorney and accountant conflict rules. See the rejection of claims 30 and 5 above.

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33. Claim 33 discusses the method of claim 28 wherein the pre-existing conflict rules include non-attorney conflict rules that govern compensations for services rendered by non-attorneys to clients. See the rejection of claims 28 and 15 above.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Muriel Tinkler whose telephone number is (571)272-7976. The examiner can normally be reached on Monday through Friday from 7:30 AM until 4 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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MT

August 30, 2007

A handwritten signature in black ink, appearing to read 'H. Kazimi', with a long horizontal stroke extending to the right.

**HANI M. KAZIMI**  
**PRIMARY EXAMINER**